Statement of

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Mr. Chairman, I am Chris Crane, President and Chief Nuclear Officer of Exelon Generation. Thank you for the opportunity to appear before you today to discuss the safety and security of the nation's commercial nuclear power plants. While my colleague Mr. Fertel from the Nuclear Energy Institute has provided the panel with a broad industry perspective, I would like to provide you with a summary of Exelon's experience in strengthening plant security.

Exelon Generation is the largest owner and operator of commercial nuclear power plants in the United States. We own and operate 17 reactors at 10 sites in Illinois, New Jersey, and Pennsylvania. In addition, we operate three reactors in New Jersey that are owned by Public Service Enterprise Group (PSEG). Exelon Nuclear employs over 7,000 people, many of whom live within the 10 mile emergency planning zones around our plants. We also employ thousands of contractors, including over 1,200 security personnel at our 10 sites.

Exelon is extremely proud of our operating performance, and our plants are among the best in the world in terms of capacity factor and outage management. We are even prouder, however, of our safety record. Our highest duty is to protect the safety and security of our workers and of the people who live and work in the communities in which we operate.

Background on Nuclear Plant Security

At the time of the terrorist attacks on our nation in 2001, nuclear plants were already the most secure industrial facilities in the United States. Since the inception of the nuclear era, commercial nuclear plants have relied on a defense in depth strategy to protect the public from radiological risk, beginning with the design and construction of the reactor. Nuclear plants include multiple layers of robust physical protection and redundant safety systems to protect against a release of radiological material.

At Exelon, we were spending roughly $44 million per year on security prior to 9/11. Like other plants, Exelon had a comprehensive security plan for each of our sites that included a complete assessment of potential threats and vulnerabilities, extensive barriers to protect against intrusion, high-tech surveillance equipment to monitor the site, and a well-trained security force. In addition, the industry had a well-established program to screen potential and current employees, including criminal background checks that were conducted by the Federal Bureau of Investigation. These programs were integrated with state and local law enforcement and were reviewed and approved by the Nuclear Regulatory Commission.

In response to the terrorist attacks and subsequent NRC directives, security at Exelon facilities was elevated to its highest level. As part of our response, we extended the point of initial screening of people entering the plant site form the protected-area boundary (that immediate area around the physical plant) to the owner-controlled area boundary (the area encompassing the entire site property). State police and, in some cases, National Guard personnel, augmented that initial identification and inspection of people entering the site. In addition, armed security forces extended their patrols to include the owner-controlled area boundary.

Exelon and other reactor operators took a variety of additional protective measures in conjunction with NRC guidance, including additional background checks for certain

plant personnel, additional screening and control of all on-site deliveries upon entry to the owner-controlled area, an increased number of security officers and armament, and increased senior management presence and visibility.

During the immediate aftermath of the terrorist attacks, the nuclear industry worked closely with a variety of Federal, state and local officials to identify additional safeguards and resources to assure the continued security of nuclear plants. Among the Federal agencies consulted were the Nuclear Regulatory Commission, the Office of Homeland Security, the Federal Emergency Management Agency, the Department of Energy , the Department of Defense, the Federal Bureau of Investigation and the National Infrastructure Protection Center.

It is worth noting that, at this time of national crisis, other industries turned to the nuclear industry as a model for providing security at commercial facilities. Nuclear plants were, and continue to be, viewed as the most well-protected industrial facilities in the United States.

NRC Actions to Strengthen Plant Security

As noted above, the NRC took immediate action on September 11, 2001, to elevate security at commercial nuclear power plants to their highest level. On February 25, 2002, the Commission issued a series of interim compensatory measures which imposed significant additional requirements on plant operators pending the completion of a more comprehensive review of safeguards and security program requirements. These requirements addressed security officer staffing levels, protection against potential vehicle and waterborne threats, protection of used nuclear fuel stored at reactor sites, enhanced access authorization controls, and mitigation efforts in the event of an attack.

In April 2003, the Commission issued a set of security-related orders which revised the Design Basis Threat (DBT) – the threat against which plant operators must defend,

established training and weaponry requirements, and enhanced access authorization requirements. These orders resulted in significant security enhancements, both in terms of physical infrastructure improvements and additional human resources.

As a result of the Commission's revised security requirements, Exelon Nuclear has invested over $140 million in capital improvements for physical security upgrades at our plant sites. These upgrades have included the installation of military-grade protective fencing, vehicle barriers, surveillance equipment, and guard towers at each of our sites.

In addition, we have greatly increased staffing for our security forces, with our contract security force expanding by 84 percent and our corporate security organization, which provides management oversight, strategy development and coordination, increasing by 20 percent. In 2001, our security-related operating costs were approximately $44 million annually. This year, we expect to spend $90 million for security.

Prior to 9/11, nuclear plants worked closely with state and local law enforcement and the Federal Bureau of Investigation to coordinate both emergency planning and security. Exelon has expanded our coordination with external response agencies, including the Department of Homeland Security, and these agencies have reaffirmed their commitment to provide additional resources in the event of an attack at reactor sites. We continue to work with law enforcement agencies to ensure an effective and fully integrated response to any security event at our sites.

Given the progress made to date on improving security infrastructure and personnel at reactor sites, the integration of Federal, state and local resources to support the already significant security capability at plant sites is perhaps the most important thing the government can do to enhance security further.

All Exelon sites have complied with the NRC's requirements regarding infrastructure improvements, training requirements and access authorization improvements. As part of the NRC's effort to confirm continued compliance with these security standards, the

Commission conducts routine security inspections and exercises at plant sites. This year alone, the NRC has conducted security-related inspections at seven of Exelon's 10 plant sites and has conducted baseline inspections at three sites. In addition, the NRC has conducted force-on-force exercises at two Exelon sites since last August, and force-on-force exercises are scheduled to occur in the next two months at two other Exelon sites.

While security at commercial nuclear plants in the United States has improved greatly since 2001, performance issues can and do arise among security personnel. As these issues arise, they are addressed systematically and objectively. As I noted earlier, Exelon assumed responsibility last year for the management of PSEG's Salem and Hope Creek reactors. We began to manage these plants in the aftermath of an inadequate force-on-force exercise at the Salem/Hope Creek site. As a first order of business, we installed the Exelon defensive strategy model at the site and invested approximately $40 million in capital improvements in 2005 alone. We also increased the security workforce at the site by approximately 40 percent during 2005. As a result of our efforts, Salem/Hope Creek successfully passed an evaluated security exercise.

Looking Ahead: Further Improvements to Plant Security

As part of the Energy Policy Act of 2005, Congress directed the NRC to conduct a formal rulemaking to review its Design Basis Threat for commercial nuclear facilities. The current DBT was established by Commission order. Congress also provided the Commission with guidance in terms of specific issues that must be considered during that rulemaking. The Commission has begun the public comment period on the proposed rulemaking and is expected to issue a final rule no later than February 2007.

Clearly, the Commission must continue to assess the threat environment facing nuclear plants for possible changes. In conducting this assessment, the Commission should continue to consult closely with the Department of Homeland Security and Federal intelligence and law enforcement agencies. In addition, the Commission, in evaluating potential changes to the Design Basis Threat, must keep in mind the current delineation

between the responsibilities of plant owners and those of law enforcement and the Federal government. While Federal law requires plant owners to protect against a variety of potential threats, the law also considers many threats to be outside the scope of licensee responsibility and instead relies on law enforcement agencies and the military to protect against certain threats.

Conclusion

Exelon is committed to the safe operation of our plants and to providing strong security and emergency planning programs at each site. We have devoted significant financial and personnel resources to assuring that our sites comply fully with all NRC requirements, and we have established high performance expectations for our security forces. We continue to work closely with the NRC and with Federal, state, and local law enforcement to ensure that we have a fully integrated plan to respond to security events at our sites.

Mr. Chairman, thank you again for the opportunity to appear before you today. I look forward to answering any questions that you and the members of the subcommittee may have.